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Montgomery County Affordable Housing in a New Era: Making the Connections

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Affordable rental housing is Out of Reach for many Mont. Cnty. families



- **44% of renters pay more than 30% of their income for housing.**
- In 2012, a household must earn **\$29/hour to afford a modest 2-bdrm apt.** in Mont. County.
- A minimum wage earner would **need to work 4 jobs** to afford a modest 2-bdrm apt. in Mont. Cnty.
- As rental housing demands grow, market may well become more out of reach, leading to the displacement of low-income families and loss of affordable apartments.
- Increasing expiration of rental assistance contracts and use restrictions.

Section 8: A critical housing resource for but increasingly At Risk of being lost



- There are **38 Sec. 8 properties** in Mont. Cnty. with **more than 2,400 Sec. 8 apartments**.
- Serve the **most vulnerable households**: Avg. annual income of less than \$12,000/annually; Majority are disabled and/or elderly.

Policy Risk

- Owners “opt out”
- Lack of funding

Market Risk

- Strong market- Gentrification
- Rising expenses such as utilities

Owner Capacity/ Interest

- Owner may want out of the business
- Owner may lack capacity to maintain/recapitalize housing

Current Policy Challenge: Secure Full Funding for Sec. 8



- HUD's budget proposal for next year would **cut funding** for the Project-Based Section 8 program by **over \$1 billion**.
- The bulk of this shortfall would be met by not funding contracts for a full 12 months, a/k/a "Short Funding".
- Lead to loss of 100,000 jobs and \$500M in property taxes nationally
- More than **1,700 apts in Mont. Cnty. would be short-funded** under this budget proposal.
- This will lead to perverse incentives for owners to **opt out** of the program or **underinvest in property conditions**.

County can work with the MD congressional delegation to oppose budget cuts.

Creative local solutions are key to preserving affordable housing

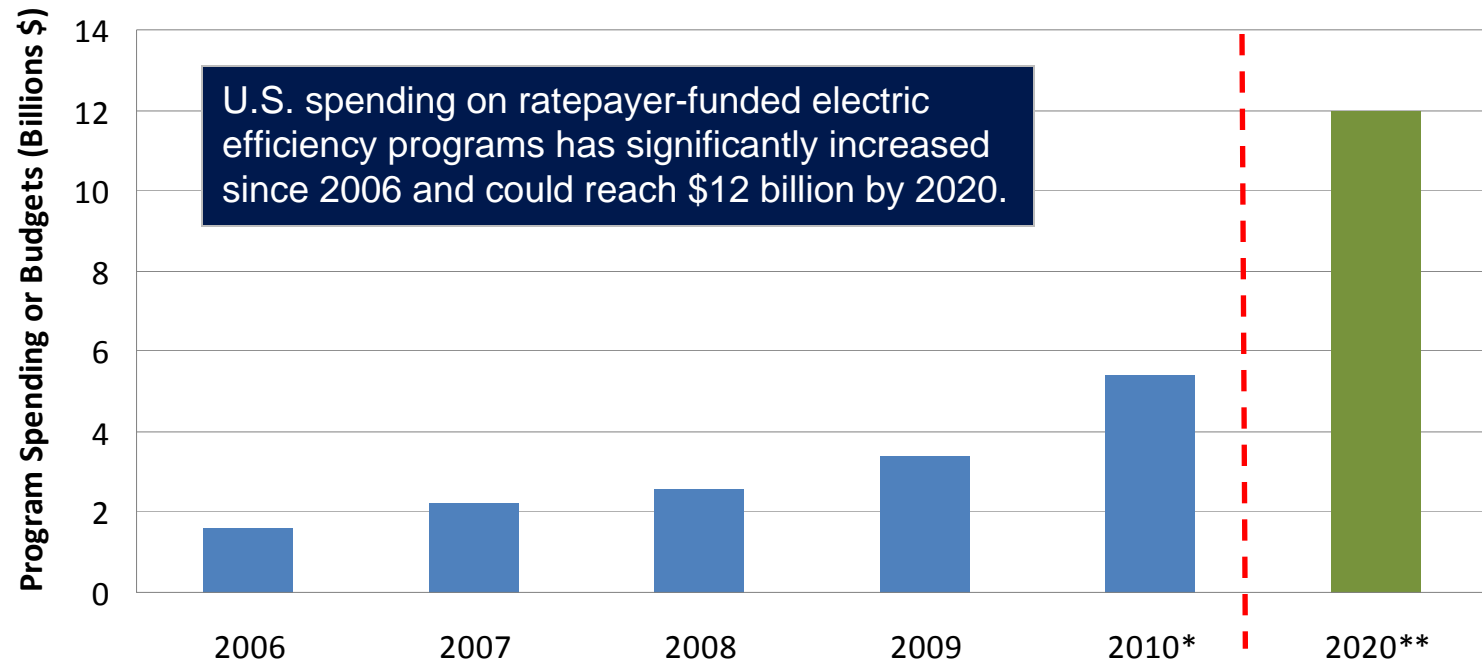


- While preservation is a national challenge, the wide variety of local conditions requires a local, special response.
- Intervention requires a local understanding of the market, the population being served and level of state and local support.
- Good examples of **state/local innovation in MD**:
 1. Harness utility funding to improve energy efficiency
 2. Preserve affordable housing near transit
 3. Strengthen family economic security

Utility funding for energy efficiency programs is growing rapidly



U.S. Ratepayer-Funded Electric Efficiency Program Spending or Budgets (\$B)



Total U.S. program spending for years 2006-2009. (Source: ACEEE)

*Total U.S. program budgets for year 2010. (Source: Institute for Electric Efficiency)

**Projected total U.S. program budgets in 2020 according to the Lawrence Berkley Nat'l Laboratory (Source: Institute for Electric Efficiency)

MD is a leader in providing sustainable affordable housing



- Energy efficiency upgrades in multifamily rental housing are a cost-effective means to reduce energy consumption, **maintain housing affordability**, and create healthier living environments for low-income families.
- MD DHCD **has secured \$70mm from the utilities** for energy efficiency upgrades in low-income homes.
- Includes **\$12mm for multifamily** affordable housing.
- Target existing properties in DHCD's portfolio, as well as housing developments requesting financing for rehabilitation.



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Healthy, Efficient Housing



- Making homes more energy efficient:
 - **Improves Health:** reduces respiratory illness; eliminates exposure to hazardous materials.
 - **Reduces energy consumption:** GREEN rehab at R Street Apartments led to average energy savings of 20% per unit.
 - **Reduces costs to consumers:** Study by Minnesota Housing found energy retrofit resulted in average annual savings of **\$118/year**.
 - *As energy costs rise, reducing consumption translates to greater affordability.*
- County needs to make concerted effort to not just use public but also **utility energy efficiency funds** for this purpose.
- New Jersey and Massachusetts models.

Why preserve affordable housing near transit?



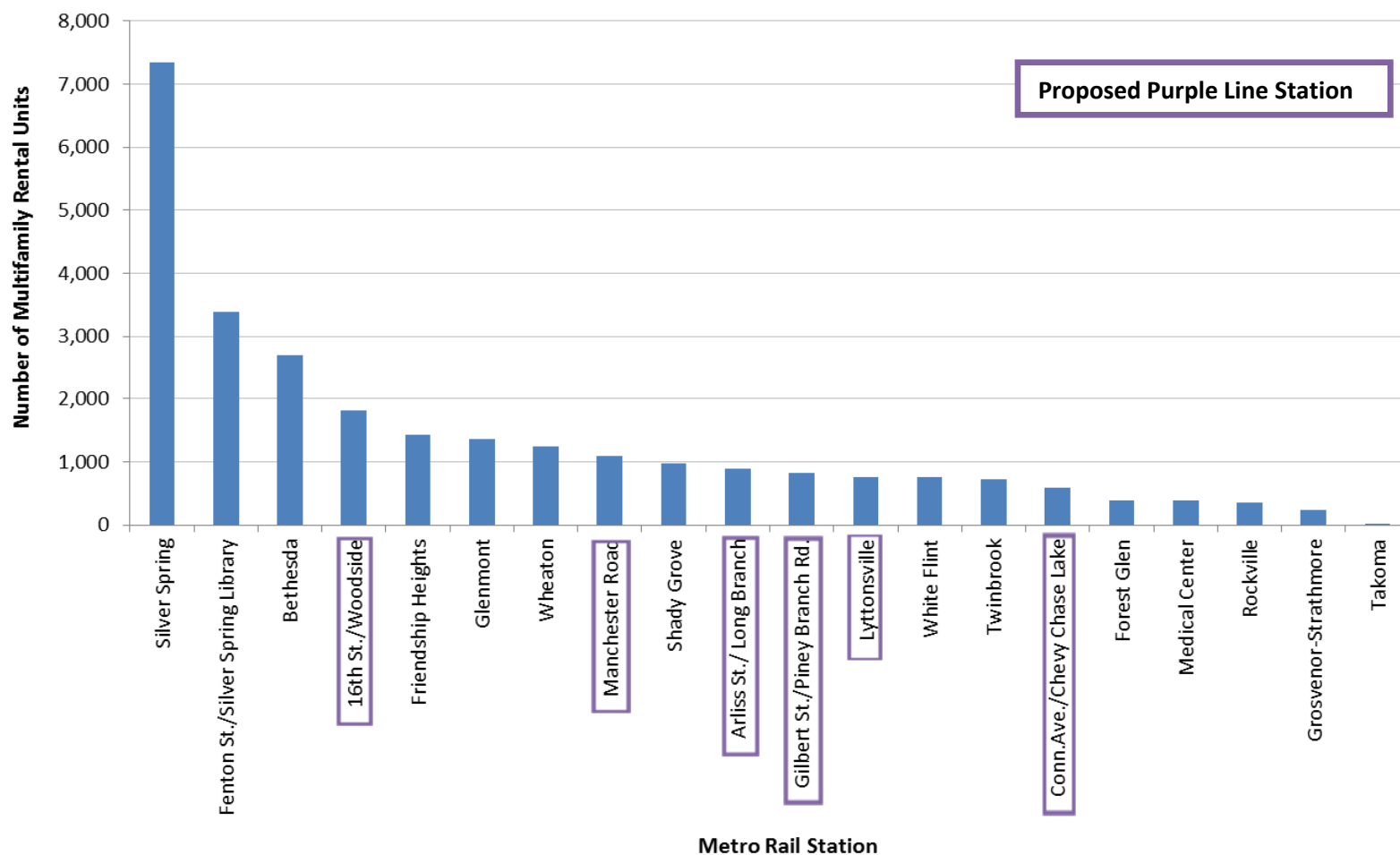
- Housing and transportation costs are the highest costs for low to moderate income residents;
- Increased development near rail stations likely to drive up prices putting affordable housing at risk.
- Employees able to live near where they work.
- Increasing use of mass transit, reducing congestion.



20,000 Mont. County Apts. within ½ mile of existing or proposed rail



Number of Multifamily Rental Units within Half Mile of Existing and Proposed
Metro Rail Stations in Montgomery County, MD



What is GreenPATH?



- Metro Regional Initiative targeting properties that serve low-income families within a half mile of existing or planned rail stations including Metrorail, MARC trains and planned transit (i.e. Purple Line).
- GreenPATH brings 5-7 year, 3.5-4% acquisition financing
- Working to secure adequate capital for \$54 million fund to preserve 1,000 apts. \$10 M secured to date.
- Led by National Housing Trust and Enterprise.

Leveraging Housing Assistance to Strengthen Economic Security



- Montgomery County's Family Self-Sufficiency (FSS) program is a model of success for helping families move towards economic security.
- FSS graduates have **more than doubled** their average annual earned incomes during their participation in the program.
- Nearly 20% of participants **became homeowners** when they graduated.

Affordable housing can serve as a stepping stone to a brighter and more secure financial future for low-income families.

Making the Case: Affordable Housing and Good Outcomes



- **Connecting through Personalized Stories:** Campaign provides images and stories of residents and how stable housing has positive, specific impact on their **lives**.
- **Affordable Housing Saves Taxpayer \$:** The cost of homelessness is high. Providing housing and services to a homeless person saves taxpayers a minimum \$25,000/year.
- **Connection Between Stable Housing and Childhood Education:** Children living in stable housing conditions have higher rates of classroom attendance and better school performance.
- **Connection Between Stable Housing and Good Health, Especially for Children and Elderly, Saving on Hospitalization stays:** Energy improvements, e.g., insulation and high performance windows and doors eliminate major triggers for asthma and respiratory illness.
- **Providing Economic Impact Data: Jobs, jobs, jobs!** Provide economic impact of affordable housing development at the project level. Most elected officials don't realize that 150 jobs created for every 100 units rehabilitated. Rehab gives the hard-hit construction industry a shot in the arm.



Support Full Funding for Section 8 :
The Value of Section 8 to the People,
The Community, and Private Investors



Looking Ahead



- **Maryland Senators and Congressional Representatives very well positioned.**
- **Be creative:** Housing is not just about hard units. Its about families, communities, economic growth and educational opportunities. Use all of those tools to show WHY.

For more information:

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